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In the

Supreme Court of the United States

OCTOBER TERM, [redacted] 1969

No. 22049

K-S-H PLASTICS, INC.,

Petitioner,

vs.

CAROLITE, INC. and
J. W. CARROLL & SONS,

Respondent.

No. 22049A

K-S-H PLASTICS, INC.,

Petitioner,

vs.

SUNBEAM LIGHTING COMPANY, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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The Scheffer Press, Inc.—ANdover 3-6850

INDEX TO BRIEF

	PAGE
Citation to Opinions Below	2
Jurisdiction	2
Questions Presented	2
Statute Involved	3
Statement	3
Reasons for Granting Writ	5
Conclusion	12

AUTHORITIES

CASES

Bentley v. *Sunset House Distributing Corp.*, 359 F.2d 140 (9th Cir. 1966) 7

Compco. Corp. v. *Day-Brite Lighting Inc.*, 376 U.S. 234 (1964) 5, 6, 9, 10

Flexitized, Inc. v. *National Flexitized Corporation*, 335 F.2d 774 (2d Cir. 1964) 7

International News Service v. *Associated Press*, 248 U.S. 215 (1918) 7

Kingsway Inc. v. *Werner*, 233 F.Supp. 102 (E.D. Mo. 1964) 10

Menendez v. *Holt*, 128 U.S. 514 (1888) 12

Plastics Research & Development Corp. v. *Norman*, 243 Ark. 780, 422 S.W. 2d 121 (1967) 8

Sears, Roebuck & Co. v. *Stiffel Company*, 376 U.S. 225 (1964) 5, 6, 9, 10

Spangler Candy Company v. *Crystal Candy Company*, 353 F.2d 641 (7th Cir. 1965) 7, 11

PAGE

Tappan Company v. *General Motors Corporation*, 380 F.2d 888 (6th Cir. 1967) 7

William R. Warner & Co. v. *Eli Lilly & Co.*, 265 U.S. 615 (1924) 8

TEXT

The Eighteenth Year of Administration of the Lanham Trademark Act of 1946, 146 U.S.P.Q. No. 6, Part II. 29-32 (1965) 8

STATUTES

Title 15, Section 1114(1) ..... a

INDEX TO APPENDIX

Opinion of the United States Court of Appeals for the Ninth Circuit 1a

Judgment of the United States Court of Appeals for the Ninth Circuit in K-S-H Plastics, Inc. v. Carolite et al (No. 22049) 9a

Judgment of the United States Court of Appeals for the Ninth Circuit in K-S-H Plastics, Inc. v. Sunbeam Lighting Company, Inc. (No. 22049A) 9a

Order of the United States Court of Appeals for the Ninth Circuit Denying Motion for Rehearing 10a

Statutes Involved 11a

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Petitioner, K-S-H Plastics, Inc. prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit, entered in the above-entitled cases on February 26, 1969.

Citations to Opinion Below

The Findings of Fact, Conclusions of Law and Judgment Order of the District Court are unreported and appear in the certified record. The opinion of the Circuit Court of Appeals (Appendix, *infra,* pp. 1a-8a) is reported in 408 F.2d 54.

Jurisdiction

The judgments of the Court of Appeals for the Ninth Circuit were entered on February 26, 1969. (Appendix, *infra,* p. 9a) A petition for rehearing was denied on April 8, 1969. (Appendix, p. 10a) The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

Questions Presented

1. Since the *Sears* and *Compco* cases* permit a manufacturer to copy and sell products identical to unpatented goods sold by another with impunity, is there a heavy duty on such manufacturer to adopt marketing practices, such as use of trade symbols, trade names and identification of origin or source, that will avoid confusion in the trade and will prevent "distributors" from palming off such copies as products emanating from the originator?

2. Can trade symbols which are entirely arbitrary at the time of adoption become generic terms although only one manufacturer uses such symbols for a period of approximately two years?

3. Will similar trade symbols now being adopted become generic in the future merely by the act of another

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* *Sears, Roebuck & Co.* v. *Stiffel Company,* 376 U.S. 225 (1964); *Compco Corp.* v. *Day-Brite Lighting Inc.,* 376 U.S. 234 (1964).

manufacturer copying the original products and his use of confusingly similar marks.

Statute Involved

The statute involved is set forth in the Appendix, *infra*, p. 11a.

Statement

Only those facts in each of the cases will be presented that bear upon the question of duty to market indistinguishable products in appearance but not necessarily performance in a manner to protect the customer.

Plaintiff, K-S-H Plastics, Inc., brought this action for trademark infringement and unfair competition against Carolite, Inc. and J. W. Carroll & Sons (hereinafter referred to collectively as "Carolite"). Plaintiff and Carolite manufacture and sell plastic lighting lens panels used in fluorescent lighting fixtures. Sunbeam Lighting Company, Inc. (hereinafter referred to as "Sunbeam") is a manufacturer of lighting fixtures. The channel of distribution of lighting panels include the panel manufacturer, fixture manufacturer, electrical contractor, general contractor and building owner. (R. 17) The owner is represented by an architect or lighting engineer who prepares a written specification identifying the electrical equipment, including the lighting fixtures and panels, based on technical requirements. The fixture manufacturers (such as Sunbeam) prepare and submit bids based on these specifications. The owner, through the successful contractor, then awards the contract to the lighting fixture manufacturer. A purchase order is presented to a distributor which orders the fixture from the lighting fixture manufacturer. The fixture manufacturer orders the panels from suppliers such as K-S-H and Carolite where the

panels are so specified or obtains approval for a substitute made by another panel manufacturer.

When a lighting lens panel with a particular lighting performance and manufactured by K-S-H is specified, an identical panel in physical appearance may be obtained by a fixture manufacturer from Carolite and substituted without permission or knowledge of the architect or lighting engineer acting on the owner's behalf. This palming off by the fixture manufacturer is abetted by Carolite which does not identify its panels in a manner such that the architect can check to assure he received what he ordered. (R. 465-66)

Plaintiff has also identified its panels in the trade by the alphanumeric symbols K-4, K-5, K-11 and K-12, each of which is used in connection with a panel of particular lighting performance. Carolite sells identical panels in appearance with the same four configurations as does Plaintiff and identifies its panels as C-4, C-55, C-11 and C-12. (R. 42-43) Plaintiff uses the trademark K-LITE to identify its line of panels; J. W. Carroll & Sons used CAROLITE and later incorporated Carolite which continued the use. (R. 41) Carolite used the same embossing roll engraver which prepared the embossing tools *from Plaintiff's drawings and specifications and at Plaintiff's cost.* (R. 115, 391, 395)

Plaintiff abandoned use of the multi-page flyer it had previously used and began using a 3-ring notebook catalog divided into sections on each lens or panel which emphasized their technical performance. Carolite followed this new format. Plaintiff's numbers were in order of introductions of K-4, K-5, K-11 and K-12. K-4 was the earliest and K-12 the latest. These were filed in its catalog numerically. Defendants' products in order of introduction

were C-55, C-11, C-12 and C-4 but were placed in their catalog as C-4, C-55, C-11 and C-12 in a non-numeric order but one which followed Plaintiff's catalog. (Pl. Exs. 4 and 73; R. 92, 427, 429) K-S-H used a photometric testing laboratory to prove its panel performance and incorporated the test reports with some modifications, in its catalog. (Plf. Ex. 4; R. 94) Carolite later used the same laboratory and used the test reports in its similar catalog after making the same modifications (Plf. Ex. 73; R. 405)

Sunbeam admitted supplying Carolite panels to customers which ordered Plaintiff's panels by using the trade designation K-4, K-5, K-11 or K-12, without informing them of the substitution. (R. 605, 658-60, 691-92)

Reasons for Granting Writ

In *Sears, Roebuck & Co.* v. *Stiffel Company*, 376 U.S. 225 (1964) and *Compco Corp.* v. *Day-Brite Lighting Inc.*, 376 U.S. 234 (1964) this Court generally established the extent of federal pre-emption of state unfair competition law. Permitting copying of an unpatented and uncopyrighted product was found consistent with the general policy of free competition to which the patent monopoly was but an exception. While the Court recognized and implemented the salutary effect on the public of price competition between copiers and an orignator, it anticipated the potential dire consequences of unqualified approval of copying. Specifically, the Court pointed out that the States were free to continue to provide protection of the consuming public against deception and unfair marketing practices of copiers, as well as other manufacturers. Copying, while permissible and serving an important economic function, was not an activity to be rewarded by a mantle of immunity from laws applicable to more ordinary individuals.

Perhaps as an inescapable concomitant to a decision which substantially alters the path of the law, the limits of countenanced state activity were broadly stated with resulting widespread disaccord in interpretation by the courts below. In the *Sears* case, it was stated at page 232:

> "Doubtless a State may, in appropriate circumstances, require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods."

And in *Compco* it was declared at page 238:

> "As we have said in Sears, while the federal patent laws prevent a State from prohibiting the copying and selling of unpatented articles, they do not stand in the way of state law, statutory or decisional, which requires those who make and sell copies to take precautions to identify their products as their own. A State of course has power to impose liability upon those who, knowing that the public is relying upon an original manufacturer's reputation for quality and integrity, deceive the public by palming off their copies as the original."

The requirement of labeling and the prohibition of "palming off" was clearly within the power of the states. But in light of the expected increase in copying which was not allowable, the unanswered question was whether prior state law as to labeling and palming off could be effective unless applied more stringently. In construing this Court's statements with regard to how the public may be adequately protected while copying proliferated,

the lower courts took disparate views as to their obligations.

In *Spangler Candy Company* v. *Crystal Pure Candy Company*, 353 F.2d 641 (7th Cir. 1965) the court denied relief where an article was copied and the defendant admittedly intended to simulate plaintiff's packaging, labels and trademarks. Actual confusion was found, but no secondary meaning of the trade dress or palming off. The lower court was affirmed because plaintiff failed to "meet the exacting tests laid down in the *Sears* and *Compco* cases." 353 F.2d at 648. The court appears to have withheld relief because of the lack of a pertinent labeling law in the state in which the action arose.

In *Flexitized, Inc.* v. *National Flexitized Corporation*, 335 F.2d 774 (2d Cir. 1964) the court found a federally registered trademark invalid on the ground of descriptiveness and lack of secondary meaning. The Court granted relief, notwithstanding the failure to establish secondary meaning, for misappropriation as that doctrine was established in *International News Service* v. *Associated Press*, 248 U.S. 215 (1918) and subsequent New York state decisional law. The *Sears* and *Compco* rule was said to only prohibit the states from granting "what is in effect patent protection." 335 F.2d at 781, n. 4.

In *Tappan Company* v. *General Motors Corporation*, 380 F.2d 888 (6th Cir. 1967) the court affirmed the lower court decision that there was no unfair competition by defendant's marketing of a simulated product and no violation of a labeling law or proved intent to deceive. In *Bentley* v. *Sunset House Distributing Corp.*, 359 F.2d 140 (9th Cir. 1966) it was held that the copier's use of its own name in marketing the simulated article precluded relief for unfair competition under the palming off doc-

trine. But palming off, arising from the natural and probable result of confusion because of packaging including similar trade symbols, was enjoined in *Plastics Research & Development Corp.* v. *Norman*, 243 Ark. 780, 422 S.W. 2d 121 (1967).

Numerous District Courts have also applied the *Sears* and *Compco* rule with varying degrees of stringency. See, Derenberg, *The Eighteenth Year of Administration of the Lanham Trademark Act of 1946*, 146 U.S.P.Q., No. 6, Part II, pp. 29-32 (1965). The cases reflect the judicial confusion as to whether: (1) labeling alone is always sufficient to protect the purchaser; (2) palming off may be proscribed if the packaging is confusingly similar; or (3) similar trade dress will be prohibited only if the dress has acquired secondary meaning.

In the present case, the lighting panels were supplied by Carolite to lighting fixture manufacturers that removed the panels from a marked container (although some containers were not marked), installed the panels in lighting fixtures and shipped the fixtures to the customer. *The panels were not marked, labeled or otherwise identified as to source.* The courts below found that the trade symbols K-4, K-5, K-11 and K-12 were not used primarily to indicate source but also designated the pattern on the panels. Yet this Court has held that where a copier has used any unfair means to pass its product off on the public as that of the originator, the *consumer* must be protected. *William R. Warner & Co.* v. *Eli Lilly & Co.*, 265 U.S. 615 (1924). In that case the plaintiff's trademark was found descriptive so that the defendant had a right to use a similar trade symbol. But the defendant was required to use a label on its products which warned the dealer not to sell the products in response to an order for

plaintiff's product. Thus, even though plaintiff's product was ordered by a trade symbol which was not a technical trademark, the symbol was sufficiently distinctive as an identification of plaintiff's goods to justify protection of the purchasers. In effect, this Court recognized that a copier's marketing practices must be particularly circumspect.

Carolite was similarly enjoined in this case but *only* when plaintiff's panels were ordered by the registered trademarks K-LITE or K-S-H. The clear rule of the *Warner* case was not applied, though the facts were startlingly similar. The lower courts considered the issue of palming off by mechanically first determining that plaintiff's trade symbols were not valid technical trademarks and then summarily deciding that no protection against palming off could be given because such trade symbols did not "primarily indicate origin" or "specifically" indicate a request for plaintiff's panels.

Petitioner submits that the consumer interest cannot be satisfied solely by availability of copied products made possible under the *Sears* and *Compco* rule. Protection must also be afforded by the rule in the *Eli Lilly* case. This requires that this Court further delineate the distinction between the right to copy and the right to market an identical product in an identical manner and trade off the goodwill established by the originator.

The increasing occurrence of sale of simulated goods demands that the courts more closely scrutinize the marketing practices of the copier to assure that the product and not the goodwill of the originator has been fairly appropriated. In the lower court cases discussed above, it is apparent that these courts have misunderstood the scope of the *Sears* and *Compco* rule. Rather than a more

searching examination of the marketing practices of the copier, these courts have read the *Sears* and *Compco* cases as providing license for unfairness and fraud. An uncompromising procrustean test for secondary meaning of trade symbols (even if correctly applied here) is seriously misplaced in a case where product simulation also occurs. The doctrine laid down in the *Eli Lilly* case has not been abrogated by the *Sears* and *Compco* rule. The lower courts erred in failing to provide warning-label relief in the present case.

There was also considerable evidence of actual confusion between plaintiff's trade symbols K-4, K-5, K-11 and K-12 and the marks C-4, C-55, C-11 and C-12 of Carolite. Misdirected orders (Plf. Exs. 48, 75-77, 81-83) and testimony as to confusion (R. 919-20; Glass Dep'n., pp. 15-16) was received by the court. No confusing similarity was found; nor was the mark CAROLITE found to infringe the registered trademark K-LITE. Again the lower courts failed to consider the exacerbated likelihood of confusion caused by Carolite's use of these marks and identical marketing methods on identical products. Since a customer could not distinguish Carolite unlabeled panels from those of plaintiff after the sale, it was incumbent upon Carolite to prevent confusion beforehand by adopting dissimilar trade symbols. The lower courts in this case, as in other cases involving the *Sears* and *Compco* rule, have been more lenient in passing upon marketing practices of a copier than on non-competitors. See, *Kingsway Inc.* v. *Werner*, 233 F.Supp. 102 (E.D. Mo. 1964). The result is the protection of a selected sphere of consumer interest—free competition—at the sacrifice of interests that are equally important—purchaser confusion and protection.

The cases interpreting this Court's decision in the *Sears* and *Compco* cases demonstrate that there is uncertainty as to the scope of permissible prohibition of unfair marketing practices. And though relief such as labeling is generally agreed upon as an allowable sanction, it is also recognized as inadequate in many circumstances. *Spangler Candy Company* v. *Crystal Pure Candy Company*, 353 F.2d 641, 648 (7th Cir. 1965). Secondary meaning is required in some cases but not in others. Intent to deceive is critical to one court and ignored by others.

This case provides an opportunity for a further exposition of the limits of state power in prohibiting unfair marketing of copied articles. The law following the *Sears* and *Compco* cases has become indefinite and uncertain. If a course can be discerned, it is toward *less protection of the purchaser* against a manufacturer which is not satisfied with copying the product but must also appropriate the goodwill of its competitor's reputation to the probable damage of the ultimate purchaser.

Finally, it is submitted that the lower courts were in error in holding that at least two of Plaintiff's trade symbols were generic. The terms K-11 and K-12 were used exclusively by Plaintiff from January and October 1963, respectively, a period of two years prior to this lawsuit, to identify its lighting panels. (Findings of Fact Nos. 8 and 9, *K-S-H* v. *Sunbeam*, No. 22049A) Prior to this adoption by Plaintiff, the symbols K-11 and K-12 were unknown in the industry and were entirely arbitrary. Defendants attempted to show that these marks were known as pattern designations, but the evidence showed only that the symbols served only secondarily to indicate a pattern. And the law clearly provides that a symbol which identifies source and additionally pattern or grade

does not thereby lose its character as a trademark. *Menendez* v. *Holt*, 128 U.S. 514 (1888).

The Court of Appeals was legally in error in stating that "[t]he evidence is sufficient to show that while the 'K' usage may have been peculiar to K-S-H, the overall trade use of *similar* numbers was such that the K-numbers cannot be said primarily to designate origin." (Emphasis added). Only Carolite used similar symbols, C-11 and C-12, to identify its panels having the same configuration. Such use did not show that the symbols were generic; instead, it showed an attempt to appropriate the goodwill of Plaintiff which inhered in its trade symbols. To follow the lower courts' logic is to make a legal finding that future products of Plaintiff with similar K numbers are generic the day they are used. Defendants failed to prove that these symbols were generic and the lower courts erred in so holding.

Conclusion

This case presents substantial and important questions concerning the scope of protection permitted by state law to prevent confusion of purchasers by a manufacturer of copied articles. Certiorari should be granted.

Respectfully submitted,

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APPENDIX

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

K-S-H PLASTICS, INC., a Missouri corporation, *Appellant*, vs. CAROLITE, INC., a California corporation and J. W. CARROLL & SONS, a California corporation, *Appellees.*	No. 22,049
K-S-H PLASTICS, INC., a Missouri corporation, *Appellant*, vs. SUNBEAM LIGHTING COMPANY, INC., a California corporation, *Appellee.*	No. 22,049-A

[February 26, 1969]

Appeal from the United States District Court for the Central District of California

Before: DUNIWAY, ELY and HUFSTEDLER, Circuit Judges

DUNIWAY, Circuit Judge:

The plaintiff below, K-S-H Plastics, Inc., appeals from judgments entered in two companion cases involving trademark and unfair competition questions. The cases were tried together, but the trial judge made separate findings and entered a separate judgment in each case. K-S-H sought injunctions against the use by defendant Carolite, Inc.,[1] of certain of its trademarks and trade symbols, and against the palming off of Carolite's products

[1]Defendant J. W. Carroll & Sons is a related corporation which apparently is no longer engaged in the activities complained of. Thus, the opinion will refer only to Carolite, Inc. as the defendant in No. 22,049.

as those of K-S-H by defendants Carolite and Sunbeam Lighting Co., Inc. The district court found for defendants regarding the trademark and trade symbol claims and granted narrowly restricted relief on one palming-off claim. We affirm.

Jurisdiction in the Sunbeam case is founded on diversity. 28 U.S.C. § 1332. Jurisdiction in the Carolite case rests on 28 U.S.C. § 1338 as read with 15 U.S.C. § 1121 (trademark and joined unfair competition claims). See *Ross-Whitney Corp. v. Smith Kline & French Laboratories,* 9 Cir., 1953, 207 F.2d 190.

K-S-H manufactures plastic lighting panels, as does Carolite. Sunbeam makes lighting fixtures which use the plastic panels as a component part.

The manufacturers of plastic lighting panels are a part of the building construction industry. A number of manufacturers like K-S-H and Carolite supply lighting panels to a channel of trade which includes the fixture manufacturer, electrical contractor, general contractor, and building owner. Architects or lighting engineers, as agents for building owners, prepare specifications identifying the electrical equipment, including lighting fixtures and the lighting panels to be used with the fixtures. Lighting fixture manufacturers then prepare bids from the specifications. Based on these bids, the owner awards the contract to a general contractor or an electrical equipment contractor. In either case, a purchase order will be placed with an electrical equipment distributor. The distributor orders the fixtures from the lighting fixture manufacturers. The fixture manufacturers order the panels from suppliers like K-S-H or Carolite. If the lighting panel is specified to be that of a particular lighting panel manufacturer, the panel is ordered from that manufacturer, or approval is obtained by the fixture manufacturer for a substitute panel; otherwise the fixture manufacturer will buy the panel from any panel manufacturer that makes it.

This case primarily involves questions of confusion over the designation of panels on the part of lighting engineers and fixture manufacturers, and of palming off one panel manufacturer's products for those of another.

I. *The Manufacturers' Trademarks*

K-S-H claims that Carolite has infringed its registered trademark "K-LITE" by use of the latter's registered trademark "CARO-

LITE." In its Finding No. 15, in case No. 22,049, the trial court found that: "The term CAROLITE is not confusingly similar to the mark K-LITE; the plaintiff has shown no actual confusion or a likelihood of confusion, mistake or deceit by reason of the use of the terms in connection with similar goods."

The question is whether Carolite's use of the trademark CAROLITE "is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services." *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 9 Cir., 1963, 314 F.2d 149, 151-152. This test requires consideration of a number of factors, including the visual, verbal, and intellective similarity of the marks, *Sleeper Lounge Co. v. Bell Mfg. Co.*, 9 Cir., 1958, 253 F.2d 720, the class of goods to which the marks are applied, *Fleischmann Distilling Corp. v. Maier Brewing Co., supra,* the marketing channels through which the goods are sold, *Durox Co. v. Duron Paint Mfg. Co.*, 4 Cir., 1963, 320 F.2d 882, and the intent of defendant in adopting the mark. *Fleischmann Distilling Corp. v. Maier Brewing Co., supra.*

Here the marks are somewhat similar—both use the suffix "lite." but "Kay" (for K) and "Caro" are quite different. The marks apply to goods purchased by fixture manufacturers and designated by architects or lighting engineers who deal with the products continuously and with a fair degree of sophistication. K-S-H argues that the logotype used with the mark CAROLITE adds to the confusion. The letters "caro" are placed within a large "C" to give the following appearance:

Nonetheless, in light of the market and the purchasers, the "K" is sufficiently distinguishable from the "

". Further, no wrongful intent may be imputed to Carolite through the use of the suffix "lite," as this suffix commonly is used in lighting industry marks. Evidence as to wrongful intent on Carolite's part is, at the

most, conflicting. The trial court correctly held that the mark CAROLITE does not infringe the mark K-LITE.

II. *The Alphanumeric Symobls*

K-S-H designates its panel types by "alphanumeric" symbols, *i.e.*, combinations of letters and numbers, or "K-numbers," *e.g.*, K-4, K-5, K-11, and K-12. Carolite employs a similar system of letters and numbers for its panels of identical design, *e.g.*, C-4, C-55, C-11, and C-12. At the time of the filing of the complaint, neither K-S-H nor Carolite had registered its symbols as trademarks.

K-S-H sought to enjoin Carolite from "advertising, selling or in any manner using the product designations or symbols consisting of a capital letter and numbers which are identical or confusingly similar to those used by plaintiff." K-S-H also sought to prevent Sunbeam from passing-off panels made by Carolite or other suppliers when panels were ordered by the K-number designation with or without the terms K-S-H or K-LITE. Sunbeam and Carolite conceded that they had supplied Carolite panels when panels had been specified by K-number alone.

The trial court held that the Carolite C-number designations were not confusingly similar to the K-number pattern designations, and also that K-S-H had not established a secondary meaning of the K-number terms, but that "[t]he primary significance of K-numbers, alone and apart from K-LITE or KSH, both in the trade and among purchasers is one of pattern and not producer." Finding No. 10, in case No. 22,049A. Accordingly, the court refused to enjoin Sunbeam from supplying Carolite or another manufacturer's panels when the order or specification was solely by K-number. It did enjoin Sunbeam from supplying other than K-S-H panels when the order used a K-number in conjunction with the K-S-H or K-LITE, and Carolite from knowingly palming off or knowingly inducing or abetting fixture manufacturers like Sunbeam to palm off Carolite's panels as those of K-S-H when the order used a K-number with the terms K-S-H or K-LITE.

A. *Trademark rights in the symbols*

Since the alphanumeric symbols or K-numbers are not registered marks, any protection must arise from the common law. The parties have debated the common law distinction between technical

and non-technical trademarks, as each seeks a favorable burden of proof allocation. K-S-H contends that the symbols are technical trademarks because they are "fanciful, arbitrary, unique, distinctive, and nondescriptive in character." See 3 R. Callmann, Unfair Competition and Trademarks, § 66.1 (2d ed., 1950). From this K-S-H argues that Carolite had, and has failed to sustain, the burden of proving that the K-numbers had become pattern designations or generic symbols. See *Dresser Industries, Inc. v. Heraeus Englehard Vacuum, Inc.*, 3 Cir., 1968, 395 F.2d 457; *Ross-Whitney Corp. v. Smith Kline & French Laboratories*, 9 Cir., 1953, 207 F.2d 190. Carolite contends that the symbols are not fanciful, etc., and thus not technical marks, and that therefore K-S-H carried, and has failed to sustain, the burden of proving that the symbols had acquired a secondary meaning sufficient to raise them to the status of nontechnical marks. *Everest & Jennings, Inc. v. E & J Manufacturing Co.*, 9 Cir., 1958, 263 F.2d 254, 259-60.

The symbols here are not so distinctive that they are valid *per se* as technical marks and do not require the showing of secondary meaning. Other panel manufacturers use similar alphanumeric designations for their panel configurations. Accordingly, we must examine whether the trial court was clearly erroneous in concluding that the symbols had not acquired a secondary meaning, and did not serve primarily to designate origin. *William H. Keller, Inc. v. Chicago Pneumatic Tool Co.*, 7 Cir., 1923, 298 F. 52, 59. See also *Kellogg Co. v. National Biscuit Co.*, 1938, 305 U.S. 111, 118-119; *Everest & Jennings, Inc. v. E & J Manufacturing Co., supra.*

The evidence indicates that other panel manufacturers used very similar symbols, *e.g.*, P-4, R-4, and that some of them used their symbols before K-S-H began using its K-designations. The evidence is sufficient to show that while the "K" usage may have been peculiar to K-S-H, the overall trade use of similar numbers was such that the K-numbers cannot be said primarily to designate origin.

Further, the trial court's finding that the symbols had become generic terms designating pattern and not producer is fully supported by the evidence. A number of fixture manufacturers testified that K-numbers had become a short-hand industry expression for a given panel configuration. Some fixture manufacturers actu-

ally quoted K-numbers as a part of their catalog alphanumeric designation for certain types of light fixtures.

Under these circumstances, the trial court properly refused to enjoin Carolite's use of "C-numbers."

B. *Palming off*

The tort of palming off by a third party or dealer is defined as the unauthorized substitution of the goods of one manufacturer when the goods of another are requested by the customer. See *Singer Mfg. Co. v. Golden*, 7 Cir., 1948, 117 F.2d 266, 268. The trial court properly enjoined Sunbeam's substitution of panels made by manufacturers other than K-S-H when an order came in for panels designated by K-number in conjunction with the term K-S-H or its trademark K-LITE. But K-S-H is barred from obtaining any further relief by the proof at trial that K-numbers used alone did not primarily indicate origin or that the purchaser specifically wanted K-S-H panels.[2]

III. *The Alleged Overall Carolite Plan to Palm Off Its Products As Those of K-S-H*

Finally, K-S-H alleges that Carolite had adopted a "predatory plan and an intention to confuse and deceive purchasers" by engaging in a series of trade practices, none of which standing alone would be sufficient to prove palming off. The facts upon which K-S-H relies are: (1) adoption of confusingly similar alphanumeric symbols to designate panel types; (2) use of trade catalogs with nearly identical format and testing laboratory performance data; and (3) use of similar marketing methods—*i.e.*, continual introduction of products and product improvements just after K-S-H introduced the identical panel design for its products. K-S-H alleges that Carolite made it impossible for fixture manufacturers and lighting

[2]We do not believe that we have to choose between California or federal law regarding this claim of unfair competition. "[T]he federal and state law is not essentially different; and both federal and state courts have readily borrowed decisions from one another and from the entire body of law in this field . . . . Under the circumstances we shall rely upon the 'indeterminate general law.'" *Hygienic Specialties Co. v. H. G. Salzman, Inc.*, 2 Cir., 1962, 302 F.2d 614, 619 n. 9. Moreover, if California law does control, a question which we need not decide, we are cited to no California authority that would require a reversal here.

engineers to distinguish Carolite products from K-S-H products, particularly when ordering or specifying panels. K-S-H does not assert that Carolite does not have the right to copy its products, nor does it claim any copyright protection in any of its catalogs or marketing materials.

The two cases upon which K-S-H relies, *Midwest Plastics Corp. v. Protective Closures Co.*, 10 Cir., 1960, 285 F.2d 747, and *American Safety Table Co. v. Schreiber*, 2 Cir., 1959, 269 F.2d 255, support the proposition that while a manufacturer can imitate a product, he cannot market it in a way which he knows will induce purchasers to buy it thinking that it is the product of another. See also *Kellogg Co. v. National Biscuit Co.*, 1938, 305 U.S. 111, 119; *William R. Warner & Co. v. Eli Lilly & Co.*, 1924, 265 U.S. 526, 532; *Swank, Inc. v. Anson, Inc.*, 1 Cir., 1952, 196 F.2d 330, 332.

Sears, Roebuck & Co. v. Stiffel Co., 1964, 376 U.S. 225, and *Compco Corp. v. Day-Brite Lighting, Inc.*, 1964, 376 U.S. 234, do not bar this action; they permit the copying of unpatented products, a feature of the cases on which K-S-H does not rely. Its reliance is on identification factors as found in designation and marketing practices.

But notwithstanding the presence of an appropriate theory for recovery, K-S-H has not been able to prove its case. The trial court specifically found that no confusion existed between the K-S-H and Carolite symbols. The catalogs were also standard to the industry, and Carolite's catalog is prominently marked with its name. Carolite's catalog is also gold where the K-S-H catalog is blue-green in color. The testing laboratory used by the firms was the same, but the laboratory is a standard source of testing data for the industry. Many of the panels newly introduced on the market came from patterns produced by the same engraver, but these patterns were available to all manufacturers. In short, the evidence forecloses any conclusion that the trial court's finding is clearly erroneous. *Swank, Inc. v. Anson, Inc., supra*, and *Viavi Co. v. Vimedia Co.*, 8 Cir., 1917, 245 F. 289, are comparable.

We are not convinced that the trial court applied an incorrect legal standard, *i.e.*, that the court erroneously believed that K-S-H's case was concluded "by its recognition of the fact that it neither

claimed nor had any monopoly rights in the articles involved." *Swank, Inc. v. Anson, Inc., supra,* at 332.

IV. *Costs*

In its reply brief in the *Carolite* case, K-S-H contends that the trial judge erroneously refused to award it all of its costs. K-S-H relies on the fact that during the trial the judge indicated that if K-S-H were partially successful, it would award costs to it. As noted earlier, K-S-H was granted some relief. But a judge is not bound by every remark that he makes during the trial and before he actually decides the case. He can change his mind as he goes along.

Rule 54(d), Fed.R.Civ.Proc., provides for an award of costs "as of course to the prevailing party unless the court otherwise directs." We have said that the trial court has a wide discretion in awarding costs and that we are hesitant to say that the discretion has been abused. *A. T. Smith and Sons v. N. P. Van Valkenburgh Co.,* 9 Cir., 1964, 337 F.2d 702. The trial judge's careful consideration here of such factors as the complexity of the case, the extensive discovery made by the parties, and the limited relief granted to K-S-H forestalls our making any finding of abuse of discretion as the court did in *A. T. Smith.*

Affirmed.

Office of the Clerk
United States Court of Appeals for the Ninth Circuit
U. S. Court of Appeals and Post Office Building
7th & Mission Streets, P. O. Box 547
San Francisco, California 94101

FEB 26 1969

RECEIVED
FEB 26 1969
OWEN J. OOMS

Re: No. 22049, K-S-H Plastics, Inc. v. Carolite
No. 22049A, K-S-H Plastics, Inc. v. Sunbeam Lighting Co., Inc.

Dear Sir:

An opinion in the above case was filed today, and pursuant to Rule 36 of the Federal Rules of Appellate Procedure a judgment was entered affirmed, the judgment or order of the court below (or administrative agency).

Pursuant to Rule 41(a) the mandate of this court will issue 21 days after the entry of judgment unless the court enters an order otherwise, or grants a stay of the mandate or a petition for rehearing is filed. If a petition for rehearing is filed and denied, the mandate shall issue 7 days after the entry of the order denying the petition. 15

Very truly yours,

William B. Luck,
Clerk of Court

Office of the Clerk
U. S. Court of Appeals
P. O. Box 547
San Francisco, California 94101

APR 8 1969.

Owen J. Ooms, Esq.
Attorney at Law
One North LaSalle St.
Chicago, Ill 60602

RECEIVED
APR 1969
OWEN J. OOMS

17

Dear Sir:

The Petition for a Rehearing

heretofore filed in case No. 22048 and A - KSH PLASTICE, INC. v. CAROLITE, INC. & J.W. CARROLL & SONS. KSH PLASTICE, ~~INC. v. SUNBEAM LIGHTING CO., INC.~~

was this day denied.

41(a)

Pursuant to Rule ~~XXX~~ and unless stayed by the order of the Court, a certified copy of the judgment of this Court under said Rule will be due to issue on the expiration of ~~five (5)~~ seven (7) days from the date hereof.

Sincerely,

WM. B. LUCK,

Clerk.

FPI-LPC-10-67-SM-3447

Sec. 32(1) (15 U.S.C. 1114(1)). Remedies—Infringement

Any person who shall, without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive;

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive (Amended by Public Law 772, 87th Cong., approved Oct. 9, 1962, 76 Stat. 769).